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C O N F I D E N T I A L SECTION 01 OF 02 RIYADH 000791

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TAGS: [KCOR](#) [KDEM](#) [KPAO](#) [PGOV](#) [PREL](#) [SA](#)
SUBJECT: DAMMAM MUNICIPAL COUNCIL UPDATE: PUBLIC CORRUPTION
CHARGES CREATE PRESSURE

REF: A. 08 RIYADH 00201

[1](#)B. 08 RIYADH 00761

Classified By: Consul General John Kincannon for reasons 1.4 (b) and (d)
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[1](#)1. SUMMARY: (C) The city of Dammam continues to be embroiled in a confrontation of governance, pitting four elected members of the Municipal Council against Eastern Province Mayor Dhaifallah al-Otaibi and Council Chairperson, Khalid al-Faleh, an appointed member and the second-in-charge of Saudi Aramco. After being stymied by al-Otaibi and al-Faleh in attempts to force greater transparency by staging a walk-out from a January council session (Reftel A), on May 8 Council Vice President Ahmed al-Musa publicly accused the Mayor of corruption. The accusation, that al-Otaibi inappropriately granted his family plots of land in an upscale Dammam neighborhood, was denied by al-Otaibi. Khalifa al-Dossari, part of the group of four opposition members, told PolOff that al-Musa's public allegation is the group's attempt to gain momentum in what seemed to be a stagnated council reform effort. He also pointed to both tribal and professional bonds as important underlying factors in municipal council dealings. The story of the Dammam Municipal Council is not an isolated event, but instead hints at two broader trends: frustrations of council members nationally with a lack of de facto authority, and an increasing degree of liberty for the Kingdom's still-developing journalistic culture. END SUMMARY.

Accusation by Council Vice President and Rebuttal by Mayor

[1](#)2. (C) After the story first appeared on May 5 on banned website Rasid (www.rasid.com), the prominent Saudi-owned, London-based newspaper "Asharq al-Awsat" reported in its May 8 edition Vice Chairman of Dammam Municipal Council Ahmed al-Musa's accusation that Eastern Province (EP) Mayor Dhaifallah al-Otaibi inappropriately granted land in an upscale Dammam neighborhood to members of his family (NOTE: Though Rasid is often considered a Shi'a website, no aspect of the Dammam Municipal Council issue involves Shi'a. END NOTE). Al-Musa demanded that al-Otaibi explain his actions, given that there are approximately 180,000 EP residents on a land grant waiting list - some for more than two decades - and that the current municipal administration has continued denying requests by claiming it does not have land to grant. Per PolOff conversations with council member Khalifa al-Dossari and the reporting of Rasid, al-Otaibi granted six plots of land in the al-Mareekbat neighborhood to his wife and three daughters. Al-Otaibi responded by telling "Asharq al-Awsat" that the lands given to his family are part of a "special grants" program and accusations against him are only designed to "incite excitement." He further claimed that areas al-Musa mentioned as available for development are industrially-zoned or earmarked for recreational sites. According to reports, a neutral panel has been formed by the municipal council to investigate the allegations.

13. (C) Al-Musa, in turn, denied that his accusations were fueled by anger resulting from unsuccessful attempts by him and three other councilmen to force greater transparency and review of project management by walking out of a council session in January of this year. PolOff conversations with council member and prominent EP businessman Khalifa al-Dossari somewhat contradict this public claim, as though it is perhaps not anger that fuels the public accusations, the charges are clearly a new tactic following on the January's failed walk-out ploy. While al-Dossari had privately told PolOff in January meetings that the opposition councilmen had information regarding corruption of al-Otaibi, al-Faleh, and members of the Ministry of Municipal and Rural Affairs, he was unsure of how or when this information might be used. The supposed threats of Council Chairperson Khalid al-Faleh, to "fire" any councilmember who spoke with the media, only further complicated matters. And whereas the opposition members seemed unsure how to proceed from this dead-end through February, March and April, in a May 11 meeting, al-Dossari told PolOff that these public charges were essentially the opposition's next move, forcing al-Otaibi to publicly respond. He added that there was other information against al-Otaibi and al-Faleh that has not yet been publicly revealed.

Tribal and Professional Ties

14. (C) Al-Dossari claims that the political alliance of Mayor al-Otaibi and Council Chairman al-Faleh has both tribal and professional underpinnings. Al-Otaibi and al-Faleh are both

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from the Otaibi tribe, one of the largest tribal groups in the Kingdom. Further, al-Dossari states that Eng. Abdul Aziz bin Ali bin Abdul Aziz al-Abdulkareem, Undersecretary of the Ministry for Municipal and Rural Affairs for Technical Affairs, is also part of the Otaibi tribe. Al-Dossari said that united by their tribal affiliation, al-Abdulkareem works with al-Faleh and al-Otaibi to stymie greater empowerment of the municipal council, partake in unspecified spoils of the municipality's allegedly corrupt dealings, and steer employment opportunities at the municipality to other tribal brethren. Al-Dossari pointed to al-Otaibi's and al-Faleh's shared Aramco ties as further proof of their "insider" relationship. Al-Otaibi is a former Aramco Senior Vice President and was supposedly an important professional mentor for al-Faleh, the current Executive Vice President for Operations and second-in-charge of the company.

Broader Implications of the Dammam Situation

15. (C) The ongoing Dammam municipal council drama has taken on a significance that goes well beyond the governance of the eastern metropolis itself. Politically, the boldness of the Dammam opposition seems to have created a stir in municipal councils throughout the Kingdom. Al-Dossari told PolOff that elected municipal council members from various parts of Saudi Arabia - including unnamed members from Jeddah - have contacted him to express solidarity with the Dammam opposition's efforts, as there is a sense in many cities that the councils are not being empowered in accordance with the resolutions that granted them authority. Per PolOff conversations with council members in the EP areas of Qatif and al-Ahsa, these feelings of frustration and unease in the relationship between councils and mayors ring true throughout the province. Qatif council members regularly battled with the Dammam Mayor al-Otaibi before gaining autonomy in late 2007, whereas many elected members of the Al-Ahsa municipal council feel left out of the governing process completely. Al-Ahsa Councilmember Salman Hussein al Haji told PolOff that he is so disenchanted with the body that he considers the

council system a failure and will not run for office again. In the latest sign of unrest with the municipal council experiment, on May 11, 2008, six members of the Hail Municipal Council tendered their resignations in protest of a lack of governing authority (septel).

16. (C) The positive development in the Dammam municipal council saga is the role of Saudi newspapers in reporting the grievances of the elected council members. While reporting by "Asharq al-Awsat" on the Dammam council was not investigative in nature, simply printing Vice Chairman al-Musa's accusations against EP Mayor al-Otaibi breaks the recognized taboo in the Kingdom against criticism of government officials. This pushing back of a generally accepted "red-line" of Saudi journalism is a gradually increasing trend being seen throughout the Kingdom (Reftel B).

17. (C) COMMENT: The creation of municipal councils in 2005 was hailed as a step in the right direction for a country governed by an absolute monarchy particularly cited for its total centralization in decision-making. Many activists have claimed, and continue to claim, that the move was simply window-dressing, an insincere gesture by the Saudi monarchy to placate Western talk of democracy and liberty in the Middle East. Despite these doubts though, the councils have continued into their third year of existence, and discussion is now beginning to turn to the anticipated 2009 municipal council elections. Ideas such as one hundred percent elected representation and female suffrage are being debated among council insiders and, to a limited extent, the public at large. While these conversations point to a continuing belief by some parties in working through the councils to create change in Saudi Arabia, the manifestations of frustration in places like Dammam and Hail demonstrate the limitations of the councils and threaten to severely undermine this democratic experiment. If the SAG believes in municipal councils as important societal organizations then it must actively work to resolve the problems of these specific cases, and more generally the malaise that exists in the minds of many elected council members. END COMMENT.

(APPROVED: KINCANNON)
GFOELLER